



**U.S. Department of Justice**

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**NEWS RELEASE**

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Paul J. McNulty, United States Attorney for the Eastern District of Virginia, and Peter D. Keisler, Assistant Attorney General, Civil Division, U.S. Department of Justice, announced the unsealing of a 108-count indictment returned by a federal grand jury in Alexandria against ten individuals and three companies charging them with illegally selling controlled substances and other prescription drugs over the Internet to consumers through various websites.

Those charged with conspiring to unlawfully distribute and dispense Schedule III and IV controlled substances other than for a legitimate medical purpose and not in the usual course of professional practice, and for using a communication facility in causing and facilitating such distribution, include:

- Vineet K. Chhabra (also known as Vincent K. Chhabra), 32, Golden Beach, Florida. The indictment describes Chhabra as an owner, operator, and officer of businesses that operated websites through which defendants distributed controlled substances.
- Daniel L. Thompson, 48, Columbus, Ohio. The indictment states that Thompson was a physician licensed in Ohio until August 2000, and that he was an owner and operator of businesses that operated websites through which defendants dispensed controlled substances.
- Sabina S. Faruqui (also known as Sabina K. Chhabra), 30, Weston, Florida. Faruqui is described as an officer, manager, and operator of businesses that operated the websites and laundered the proceeds of the controlled substance distributions. She is Chhabra's sister.
- Sunil K. Sethi, 48, Midlothian, Virginia. The indictment describes Sethi as an owner and operator of a pharmacy and other businesses through which defendants distributed controlled substances and which laundered the proceeds of drug sales.
- James A. Trovato, Jr., 38, Independence, Ohio. According to the indictment, Trovato was also an owner and operator of websites that dispensed controlled substances.
- Daniel M. Varalli, 54, Salem, Virginia. The indictment charges that Varalli was a Virginia-licensed pharmacist and co-owner and pharmacist-in-charge of Rx Direct, Inc., one of

the pharmacies through which the defendants distributed controlled substances.

- William D. Thompson, 44, St. Charles, Missouri (a physician licensed in Missouri); Laurence L. Cockerille, Jr., 71, Litchfield, Ohio (a physician licensed in Ohio); Arturo L. Portales, 44, Lexington, Kentucky (a physician licensed in Arizona and Kentucky); and Russell A. Johnson, 50, Chester, Virginia (a physician licensed in Virginia) all authorized their names to appear on vials of drugs defendants distributed and dispensed to customers of the Internet businesses, according to the indictment.

In addition, USA Prescription, Inc., and Chhabra Group, LLC, are charged in this conspiracy count. The indictment describes them as businesses through which parts of the conspiracy operated.

Vincent Chhabra is also charged with engaging in a continuing criminal enterprise by obtaining substantial income and resources from violating the Controlled Substances Act and being the organizer or supervisor of the enterprise.

Along with his sister Sabina Faruqui, their uncle Sunil Sethi, and three of his companies, USA Prescription, Inc., Chhabra Group, LLC, and VKC Consulting, LLC, he is charged with conspiracy to commit money laundering. Chhabra, Faruqui, and Sethi are also charged with individual counts of promotional and transactional money laundering.

Chhabra, Faruqui, Sethi, Portales and Johnson, are also charged with nine counts of violating the Federal Food, Drug, and Cosmetic Act by introducing into interstate commerce misbranded prescription drugs, including Bontril, Meridia, Xenical, another weight loss drug, and Viagra. The drugs are alleged to have contained a false and misleading label.

Vincent Chhabra faces a mandatory 20 years imprisonment if found guilty of the charge of operating a continuing criminal enterprise. Along with the other defendants, he faces a statutory maximum of 20 years imprisonment for the money laundering conspiracy and promotional money laundering violations; 10 years imprisonment for each transactional money laundering offense; 3 or 5 years imprisonment for each of the controlled substance violations; and 3 years imprisonment for each Food, Drug, and Cosmetic Act misbranding offense. The defendants also face forfeiture of \$125,000,000.00, which represents the proceeds obtained as a result of the conspiracy to violate the Controlled Substances Act.

The indictment charges that the defendants used an "online ordering process" to allow customers to order prescription controlled substance drugs over the Internet, through such websites as "www.get-it-on.com." When customers ordered drugs online, the indictment charges that the customers chose the type, quantity, and dose of controlled substances they wanted, and answered some questions on a medical form. However, no one checked the accuracy of the information that customers provided, as the Controlled Substances Act requires; and customers obtained the drugs without ever meeting a doctor face-to-face, as required by law.

In addition, the indictment states that defendants distributed and dispensed the controlled substances to customers without: an adequate patient history; performing a mental or physical exam; using appropriate diagnostic or laboratory testing; or providing a means to monitor medication response. This occurred in the face of federal and state requirements requiring closer medical supervision for patients receiving these drugs as described in the charges. The indictment alleges that many times no physician reviewed the customers order forms at all.

Some of the controlled substances defendants offered were drugs commonly known as Bontril, Ionamin, Phentermine, Adipex, and Meridia, all weight-loss drugs.

The indictment charges that the purpose of the conspiracy was to sell controlled substances to consumers in the United States and throughout the world. The indictment alleges that to maximize profit, defendants used mass e-mailings, advertising, and pricing schemes to sell large quantities of controlled substances to customers through the websites. The indictment states that customers often received discounts for buying greater quantities. Defendants' process for selling drugs violated the federal requirement under the Controlled Substances Act that controlled substances be dispensed only for a legitimate medical purpose and in the usual course of professional medical practice, according to the charges.

The indictment alleges that the pharmacies distributed and dispensed excessive quantities of controlled substances to customers even though it was apparent the customer was ordering drugs through several different websites and through several different Internet-related doctors.

The indictment charges that defendants overdistributed to customers even when a dispensing pharmacy associated with the websites refused to fill a "prescription" because the pharmacy had recently filled another "prescription" for that customer, and determined that the customer should not have more drugs. In many such instances when a pharmacy refused to fill a "prescription," defendants overrode the dispensing pharmacist's professional judgment and sent the rejected prescription to another pharmacy for dispensing. According to the indictment, defendants did not notify either the second pharmacy or the doctor who authorized the drugs to be distributed that the customer had a sufficient supply of drugs. In many instances, the second pharmacy would fill the prescription.

In some instances, according to the indictment, defendants falsely and misleadingly represented the identity of the "prescribing physician" on the label of the controlled substances because the physician who had actually reviewed the online questionnaire had entered into an agreement with his medical licensing board not to prescribe drugs via the Internet without performing a complete physical examination or obtaining complete medical histories of the customers.

According to the indictment, in about March 1999, following a search warrant executed on their offices by the State of Ohio, in an attempt to hide their operation, Chhabra, Faruqui, Daniel Thompson, and Sethi, established new websites and two new corporations in Virginia

through which defendants distributed and dispensed controlled substances.

The indictment also charges that in order to avoid regulatory and law enforcement officials, in some instances, defendants purposefully avoided allowing a physician to authorize dispensing controlled substances to customers in states in which the physician was licensed. Instead, they authorized the dispensing of controlled substances to customers in states in which the physician was not licensed, according to the charges.

United States Attorney Paul J. McNulty said, "This case is about a dangerous new spin on an old problem. Drug trafficking in cyberspace is just as harmful to public safety as drug trafficking on street corners. The advent of the Internet does not mean doctors and pharmacists can bypass rules concerning the dispensing of prescription drugs, particularly controlled substances."

"Internet sites that distribute controlled substances and other drugs without valid prescriptions will not be tolerated." Assistant Attorney General Peter D. Keisler added. "This indictment demonstrates the commitment of the Department of Justice to enforce laws designed to protect the public health from powerful drugs that can only be taken safely under the supervision of a doctor or other person authorized to prescribe drugs."

"FDA will take action against those who endanger the public health by illegally selling controlled substances and other potentially risky medicines online," said FDA Commissioner Mark B. McClellan, M.D., Ph.D. "We will use all our authorities and work closely with our law enforcement partners to protect the public from the drug pushers of the Internet age."

This case is being investigated by the Federal Bureau of Investigation, the Food and Drug Administration's Office of Criminal Investigations, and the Drug Enforcement Administration. Assistant United States Attorney James P. Gillis, Department of Justice, Office of Consumer Litigation, Attorneys Linda I. Marks and Mary Beth Schultz, and DOJ Asset Forfeiture and Money Laundering Section Attorney Karen Taylor are handling the prosecution for the government.

It should be remembered that an Indictment is not evidence of criminal activity, and all defendants are presumed innocent unless and until proven otherwise.

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